

# Kiwis take the lead in heading off global food crisis

By Dave MacIntyre

**Rising population and higher food prices are a recipe for hunger. But, reports Dave MacIntyre, Kiwis are taking a leading role in heading off a global food crisis.**



**The outlook for global agriculture is bleak unless there is a rethink of food production and distribution, says former Prime Minister Jim Bolger.**

Say goodbye to the era of food abundance. And hello to an era of global food scarcity, where hunger and the rising cost of eating has fuelled revolutions in countries such as Tunisia and Egypt.

As the world begins to recognise there is a real food-supply crisis, Kiwis are leading the challenge to the way agriculture is organised internationally, taking principal roles in organising a major international congress on "Rethinking Agriculture".

Importantly, the World Agricultural Forum (WAF), held in Brussels last month, was free of political agendas. It is a non-profit body set up for charitable, scientific and educational purposes and its leading lights were invited for their ability to "tell it like it is", without restraints.

Many of them are Kiwis. Former Prime Minister Jim Bolger is chairman of the WAF Advisory Board; the vice-chairman is Ken Baker, now retired but with nearly 30 years' experience in agriculture and related industries in Europe and America, including working for Monsanto as director of government affairs for Europe and Africa.

 Other Kiwi speakers included the NZ Ambassador in Brussels, Vangelis Vitalis; Tom Lambie, the chancellor of Lincoln University; and John Llewellyn, the former chief of staff at the OECD.

Reports by the United Nations' Food and Agriculture Organisation (FAO) and others are full of concerns that the world's capacity to feed itself is running out. Now the talk is of the need to improve "food security".

The world's population is predicted to rise from about seven billion now to anywhere between nine and 12 billion in 2050. Those people will need to be fed.

As a result, agriculture and food production are coming under growing pressure. Not only market pressure, but also political pressure to keep prices down, protective measures such as export restrictions and debate on how to cover future food needs.

There are also unpredictable and unusual weather patterns. And then there is the pressure to do a better job of protecting the environment.

While food security concerns increase, the first step towards any solution is to get a common understanding between all parties, and notably leaders. That is what WAF aims to provide.

Says Ken Baker: "The driving force for a 'rethink' is a combination of several factors. The well-known and conventional are that food is the most basic of needs - lack of food equates to a disturbed population.

"The less well-known are the limitations on land availability for production, stagnation in productivity, rapidly growing prosperity and demand for protein in the populations of Asia, which means that there is less for populations elsewhere, and especially the poorer populations."

New Zealand wants to respond to increased demand because, following the removal of subsidies almost 30 years ago, our agriculture has become much more productive and market-responsive. Farmers want to respond but in many cases cannot because of regulatory limitations; investors want to acquire land for production in other countries but find this provokes a counter-reaction from the locals; and the financial community wants to invest more in land and the things it produces.

As well, the agricultural research community wants to arrest a decline in research, prompted by agricultural subsidies and limitations on production.

If there is no rethink, the agricultural outlook in many countries is dismal, and New Zealand will continue to face trade restrictions on our exports.

So what can be done, and what types of ideas have been circulating among the scientific and governmental types who populate the WAF ranks?

Improving agricultural productivity is a major target. Technological advances can include new techniques for planting, growing and harvesting crops, better animal nutrition, improving plant and crop varieties, and more appropriate land use.

Another idea is making aid programmes more effective. Often, attention is focused on aid which provides immediate financial help or food donations at times of extreme stress such as famines or war. Could programmes be shaped to help long-term food security, perhaps linking them to logistical, technical and trade help?

Finance is another target. The production cycle for agriculture, between buying inputs and selling the final produce, is relatively long. The credit crunch is making it more difficult for farmers to obtain finance.

Perhaps food security and prices would be helped more by looking at credit availability rather than at schemes to control the price and availability of the end products.

Trade barriers are another major issue. A basic requirement of ensuring food security is that trade is facilitated, but this is one area where the world does not have a good record.

Discussion at the WAF takes place in a unique format, with "round table" panels whose participants are selected from different areas of the world, and from differing disciplines, cultures and education levels.

A panel on trade and development aid was moderated by a participant from Oxfam, with input from New Zealand's Ambassador to the European Union (Vangelis Vitalis), a company called KickStart, which is based in Africa, and a representative of the Belgian Farmers' Union.

Says Baker: "Much of the audience debate at times was focused on the speakers from New Zealand, who tended to be obvious and of high quality, precisely because New Zealand was different and at the forefront of developments which allowed farmers to make their own decisions and serve markets while unbridled by the restrictions which go with subsidies."

The tone was set by Bolger's opening remarks, urging delegates to reject the mainstream attitude of dogma, slogans and stupidity. "A complex transformation of what some term the 'free market deregulated model' is what the world needs now if we are to build more cohesive societies that can deliver proper services to all their people, including and especially adequate food and clean water," he said.

"Today a few have too much money and too many have too little. The fact that the current policy mix has failed the majority should surprise no one, as a key assumption of the neo-classical economic theory that has underpinned much economic thinking these last decades is that individuals and firms act in a self-interested manner.

"And as we now witness, that has led to a large and growing divide within societies, with inevitable consequences," said Bolger.

With long-term global food security being the primary issue, one theme which emerged was declining investment in agricultural research and development.

Georg Hausler, the European Commissioner for Agriculture's Head of Cabinet, said that in the EU, the application of science and technology to agriculture had reached a dangerous position. As a result, proposed reforms to the Common Agriculture Policy suggest extensive funding for the promotion of technology.

But there were some examples of innovation. The use of drip irrigation on a vast scale in China, described by Professor Ren Wang, vice-president of the Chinese Academy of Sciences, has markedly reduced the amount of water used for grain production, and

huge advances in animal breeding in India were outlined by Dr Arvind Kumar, deputy director-general of the Indian Council of Agricultural Research.

On the other hand, many speakers complained of the negative effects subsidies were having on investment in agricultural R&D. Bruce Tozer, head of agricultural products at bank Credit Agricole, said under-investment in agriculture was the result of programmes such as the EU Common Agriculture Policy and the United States Farm Bill, whose subsidies reduce the incentive to improve and adapt. There was a widespread view that subsidies have damaged the long-term ability of the world to feed itself.

Many speakers also addressed the subject of agricultural commodity prices, which politicians have often blamed on "speculators". While the EU's Hausler suggested there needs to be "some sort of governance system", economists present had a more sanguine view.

Ric Deverell, director and head of the commodities research team at bank Credit Suisse, said that "while agricultural commodity prices were not guaranteed to remain high, they would remain volatile and the volatility was driven by inventory levels".

In other words, countries have tried to maintain food inventories by restricting exports and the result has been shortages and resultant higher prices.

Vitalis, New Zealand's man at the EU, prompted interest by describing how some traders had joined forces with development experts to help developing nations trade. He described how "Aid for Trade" could help in opening markets. The use of business mentors has assisted small- and medium-sized enterprises in the Pacific Islands by helping with activities such as marketing.

So what impression did the WAF leave on delegates?

New Zealander John Llewellyn, a macroeconomist who spent 17 years at the OECD, said the congress highlighted many themes.

"In China, per-capita consumption of rice and wheat has started to decline, but that of meat has started to increase - and that is going to require large increases in maize.

"In the US, fully 40 per cent of US corn production will go to ethanol. This is 'a market that should not exist'. Inventories of corn are now low, so the price of this key commodity is likely to be volatile. This will be attributed (incorrectly) to speculation."

The basic "flaw in the picture" of the present agricultural framework, he says, is that the world does not have anything like the capacity to produce enough food to feed its population by 2050.

"Within that flaw is the further flaw that currently the food that is produced is mal-distributed, with 10 per cent of the world's population receiving too little, while 10 per cent eat too much ... and underlying that is sets of (mainly national) policies that produce inappropriate incentives."

Vitalis suggests global agriculture is at a crossroads. The stalled World Trade Organisation Doha Round negotiations and the challenge of climate change have

combined with the decline of investment in R&D. "A rethink is now long overdue. The coming two to five years are critical."

Asked if it is coincidental that many Kiwis are taking a central role in this rethink, Llewellyn and Vitalis say it's no accident. New Zealand and Australia had reappraised their position in the world, and the policies needed to fulfil their potential, after Britain joined the Common Market.

"No such radical thinking has gone on anywhere in the US or Western Europe," says Llewellyn.

"New Zealand has a responsibility to play a leadership role on international developments in agriculture," says Vitalis.

Similarly in the field of sustainability: "Our creativity and innovation in this area is second to none and we have been willing to share and exchange information."

Now the congress is over, how does discussion get translated into a recipe for action? The answer lies with the delegates who attended. The WAF itself has no mandate to instruct anyone as to what to do next.

Says Llewellyn: "All that can be done is for analysts to continue to supply market-minded politicians and policymakers with honest assessments of the costs of present policies, and the benefits potentially available from changing them."

Vitalis says the number of policy-relevant ideas raised at WAF can be expected to inform policy development sectors in governments, NGOs and international institutions.

"The kind of frank discussion we were able to have here at the WAF Congress has been invaluable in underlining the quantum of the problem that confronts us and the contribution New Zealand has to make to policy development on agriculture, both here in the EU and elsewhere.

"In short, the WAF underlined again how serious, credible and innovative our country is in this area and more generally."

The good news is that debate will continue. Already, there have been a number of approaches by various country organisations to hold the next congress, including India, Argentina and Russia.

### **What they said at the forum**

Food security is no longer a problem "of others" - it is a global problem, said **Professor Paolo De Castro, chairman of the European Parliament's Agricultural and Rural Development Committee**, who gave the forum's keynote speech. "It means to acknowledge that sustainable agricultural production involves more, and not less, technology and innovation. It means to engage in outlining a new framework for the global trade. It means that we must work to a real co-ordination among national and regional agricultural policies.

"All this means to accept the idea that we were wrong, in some respects."

With increasing population, food demand by 2050 would be about twice as much as current food production, he said. Unless we think about deforesting wide swathes of the world, said De Castro, the only answer was increased productivity.

He said restrictions on exports, and other political strategies, had been taken with good intent, to protect national food supplies.

"But they have had devastating effects on the stability of global food supply. And that was because such politics belong to the abundance era and are not set up to face the scarcity era."

"We need a global food security policy. But first we have to admit that food security is a global problem, worthy of equal attention [as] other emergencies like climate change."

Vangelis Vitalis, New Zealand's Ambassador to the EU, told the congress that reform of agricultural trade, and in particular its liberalisation, was essential.

### **Hot topics**

*Key themes that emerged from the World Agricultural Forum:*

- \* Globally, agricultural research is woefully under-funded.
- \* Subsidies kill innovation and development.
- \* Urgent steps need to be taken to liberalise trade in agriculture products, not least to complete the Doha Round of trade negotiations.
- \* Climate change remains a serious issue with dramatic effects on agricultural production. This needs to be factored into policy-making.

**On the web:** [worldagriculturalforum2011.com](http://worldagriculturalforum2011.com)

*Dave MacIntyre is a freelance writer who lives in the Waikato.*

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